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## BEFORE THE ARIZONA CORPORATION COMMISSION

CARL J. KUNASEK

Chairman

JAMES M. IRVIN

Commissioner

WILLIAM A. MUNDELL

Commissioner

1999 AUG 17 A 11: 33

AZ CORP COMMISSION  
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION  
OF US WEST COMMUNICATIONS, INC.  
FOR A HEARING TO DETERMINE THE  
EARNINGS OF THE COMPANY, THE FAIR  
VALUE OF THE COMPANY FOR  
RATEMAKING PURPOSES, TO FIX A JUST  
AND REASONABLE RATE OF RETURN  
THEREON AND TO APPROVE RATE  
SCHEDULES DESIGNED TO DEVELOP  
SUCH RETURNS

DOCKET NO. T-01051B-99-0105

Arizona Corporation Commission

DOCKETED

AUG 17 1999

DOCKETED BY

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**AT&T COMMUNICATIONS OF THE MOUNTAIN STATES, INC.'S**  
**REPLY TO U S WEST COMMUNICATIONS, INC.'S**  
**RESPONSE TO AT&T'S MOTION TO COMPEL**

AT&T Communications of the Mountain States, Inc. (AT&T) hereby replies to  
U S WEST Communications, Inc.'s Response to AT&T's Motion to Compel.

**AT&T Data Requests Nos. 15-18**

AT&T asked for information regarding U S WEST's prior exchange sales that  
took place during the last ten years. U S WEST admits sales did take place in 1994.  
U S WEST argues the information has no bearing at all on this proceeding. In its Motion,  
and during AT&T's subsequent conversation with U S WEST's attorney to discuss the  
Motion to Compel, AT&T explained the need for the information. In its lengthy response  
to AT&T's Motion, U S WEST indicates that "journal entries were recorded which

adjusted U S WEST's regulatory accounting records to reflect the sale." *Id* at 5.<sup>1</sup> Since the public record does not contain U S WEST's journal entries, based on the Commission's past decisions, it was appropriate to ask for the data requests.

Furthermore, U S WEST's Exhibit 2 is incomplete, partially unresponsive, and inadequate to demonstrate that U S WEST has removed the investment and expenses for the exchanges sold in 1994. First, U S WEST has not provided journal entries for the exchanges sold to Copper Valley and Midvale.<sup>2</sup> Second, there is no documentation that traces the sales to a Retired Asset listing and subsequently to the financial schedules that reflect asset retirements in total for U S WEST's books. Therefore, U S WEST has not documented that the investment and expenses for the exchanges sold in 1994 have been removed from U S WEST's books.

#### **AT&T Data Requests Nos. 19-22**

Data Requests Nos. 19 through 22 asks for information regarding the recent sale of exchanges to Citizens. U S WEST argues that the information is outside the test year. This may be true, but the sale may be a known and measurable change.

The Staff of the Commission is proposing that direct testimony of intervenors and Staff not be filed until October 1999. An order in the rate case presently is not due until February 2000. U S WEST has stated that it will apply for approval of the recent sale of exchanges this summer. It is entirely possible that approval of those sales may occur during the rate case proceeding, or shortly thereafter. It is entirely possible and

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<sup>1</sup> The journal entries, Exhibit 2 to U S WEST's Response, were not received by AT&T until August 11, 1999.

<sup>2</sup> Exhibit 2 does not provide account descriptions for the account numbers listed in the journal entries. The "C" side and "X" side notations also are not explained.

reasonable that the Commission may wish to reflect the sale as a known and measurable change.

If the information is not produced, the Commission is denied the opportunity to adjust the revenue requirement for the recent sale of exchanges. AT&T Data Requests Nos. 19-22 are entirely reasonable, and U S WEST should be required to produce the information.

**AT&T Data Request No. 38**

AT&T Data Request No. 38 asks for a description of the projects for the years 1996, 1997 and 1998 that resulted in an increase in Telephone Plant in Service. U S WEST objects that this request is burdensome. It does not argue the request is irrelevant, nor can it. Additions to Telephone Plant in Service increase rate base and, as a result, revenue requirement. Yet, U S WEST wants to prevent AT&T from reviewing the nature of its plant additions. It is U S WEST's burden to show that the plant additions are reasonable and used and useful. U S WEST has failed to make any such showing. If U S WEST does not wish to justify its plant additions, the only alternative is to remove those plant additions from rate base. Otherwise, U S WEST, the party with the burden of proof, has a license to put *any* investment in rate base, even if U S WEST has not justified the investment and it is unreasonable and not used and useful in the provision of regulated services.

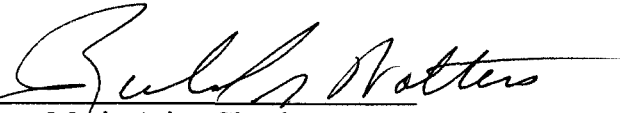
The information requested is relevant. AT&T will initially limit the request to a list and description of the additions to Telephone Plant in Service. It will review and select from the list of projects, the projects it wants to review additional information. This is entirely reasonable.

AT&T Data Requests Nos. 19-22 and 38 are lawful and reasonable, and

U S WEST should be compelled to answer the data requests.

RESPECTFULLY SUBMITTED this 16<sup>th</sup> day of August, 1999.

AT&T COMMUNICATIONS OF  
THE MOUNTAIN STATES, INC.

By: 

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## CERTIFICATE OF SERVICE

I hereby certify that the original and 10 copies of AT&T Communications of the Mountain States, Inc.'s Reply to U S WEST Communications, Inc.'s Response to AT&T's Motion to Compel regarding Docket No. T-01051B-99-0105, were sent via overnight delivery this 16th day of August, 1999, to:

Arizona Corporation Commission  
Docket Control - Utilities Division  
1200 West Washington Street  
Phoenix, AZ 85007

and a true and correct copy was sent via Facsimile and United States Mail, postage prepaid, this 16th day of August, 1999, to:

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